

**FOUNDATION FOR  
ORANGE COUNTY PUBLIC  
SCHOOLS, INC.**

**Financial Statements  
and Supplementary  
Information**

**For The Years Ended  
June 30, 2013 and 2012**

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## Partners

W. Ed Moss Jr., CPA  
Joe M. Krusick, CPA  
James R. Dexter, CPA

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
The Foundation for Orange County Public Schools, Inc.

We have audited the accompanying financial statements of the Foundation for Orange County Public Schools, Inc. (a nonprofit organization), a component unit of the Orange County District School Board, which comprise the statement of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation for Orange County Public Schools, Inc. as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2013, on our consideration of the Foundation for Orange County Public Schools, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation for Orange County Public Schools, Inc.'s internal control over financial reporting and compliance.

501 S. New York Ave.  
Suite 100  
Winter Park, FL 32789  
Phone: 407-644-5811  
Fax: 407-644-6022  
[www.mosskrusick.com](http://www.mosskrusick.com)



American Institute of  
Certified Public  
Accountants

Florida Institute of  
Certified Public  
Accountants

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***Other Matters***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Moss, Krusick & Associates, LLC*

December 6, 2013  
Winter Park, Florida

## **Management's Discussion and Analysis**

As financial management of the Foundation for Orange County Public Schools, Inc. (hereinafter referred to as the "Foundation"), we offer the readers of these basic financial statements this narrative overview and analysis of the Foundation's financial activities for the fiscal year that ended on June 30, 2013. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the Foundation's financial statements, which follow this information.

### **Financial Highlights**

- The Foundation's overall combined assets totaled \$2,354,092 at the close of the 2013 fiscal year compared to \$2,227,631 the previous year. Total assets exceeded liabilities by \$1,952,300 (*combined net assets*) compared with \$1,899,655 one year earlier.
- The Foundation's combined net assets increased by \$52,645 (2.77%). The 2013 restricted portion of net assets totaling \$292,270 increased by \$68,227 during the current year primarily due to current year revenues exceeding the release of restrictions on program funds. The unrestricted portion of net assets, totaling \$1,660,030, represents unrestricted amounts that may be used to meet the Foundation's ongoing obligations for its discretionary program activities. Scholarships account for \$1,284,697 of the unrestricted net assets for the fiscal year 2013.
- The Foundation received corporate and state-funded grants totaling \$307,727 in support of its various activities and programs. These and other Foundation funds were used to finance mini-grants to teachers of the Orange County school district and to fund other Foundation programs.
- During 2013, the Foundation provided \$24,905 in prepaid college tuition scholarships from its account at the Florida Prepaid College Foundation, compared to \$65,732 provided in 2012.
- The Foundation's fundraising events produced revenues of \$197,651 in fiscal year 2013, compared to \$186,307 in fiscal year 2012.

### **Overview of the Financial Statements**

The Foundation presents its financial statements for the fiscal year ended June 30, 2013, which included for comparative purposes the fiscal year ended June 30, 2012. The Foundation is a direct support Foundation and component unit of the Orange County District School Board (a governmental agency). The Foundation accounts for its transactions in accordance with the pronouncements issued by the Governmental Accounting Standards Board (GASB). The Foundation is considered a Business-Type Activity under the provisions of GASB 34 and 35.

The Foundation's financial statements are comprised of two parts: 1) management's discussion and analysis, and 2) the basic financial statements, including the notes to the financial statements.

The objective of the Management's Discussion and Analysis is to focus on current activities, resulting changes and currently known facts to provide the reader with an overall summary of the accompanying financial statements. It should be read in conjunction with the basic financial statements and the accompanying notes.

The financial statements include the following:

- Statements of Net Assets
- Statements of Revenues, Expenses and Changes in Net Assets
- Statements of Cash Flows
- Statements of Functional Expenses
- Notes to Financial Statements

The financial statements consist of entity-wide financial statements that provide both the short- and long-term financial information about the Foundation's overall financial status, including its business-type activities. These statements report information about the Foundation using full accrual accounting methods and an economic resources focus as utilized by similar business activities in the private sector. Information concerning all of the Foundation's assets and liabilities, both financial and capital, and short-term and long-term debt (when applicable) are included. Likewise, all revenues and expenses received during the year, regardless of when cash is received or paid are reported.

The financial statements also include notes which provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Foundation's significant accounting policies, account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

### Statements of Net Assets

**Net Assets.** As noted previously, net assets may serve over time as a useful indicator of the Foundation's financial position. This year, the Foundation's combined total assets exceeded liabilities (net assets) by \$1,952,300 at the end of 2013 (compared to \$1,899,655 at the end of 2012), which is summarized as follows:

<b>Net Assets</b>				
June 30, 2013 and 2012				
	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
<b>Assets:</b>				
Current and other assets	\$ 2,354,092	\$ 2,277,631	\$ 76,461	3.36%
<b>Total assets</b>	<u>2,354,092</u>	<u>2,277,631</u>	<u>76,461</u>	<u>3.36%</u>
<b>Liabilities:</b>				
Current liabilities	401,792	377,976	23,816	6.30%
<b>Total liabilities</b>	<u>401,792</u>	<u>377,976</u>	<u>23,816</u>	<u>6.30%</u>
<b>Net assets:</b>				
Unrestricted	1,660,030	1,675,612	(15,582)	-0.93%
<b>Restricted:</b>				
Expendable	237,801	169,574	68,227	40.23%
Non-expendable	<u>54,469</u>	<u>54,469</u>	-	-
<b>Total net assets</b>	<u>\$ 1,952,300</u>	<u>\$ 1,899,655</u>	<u>\$ 52,645</u>	<u>2.77%</u>

Total assets increased this year by \$76,461 to a total of \$2,354,092, or an increase of 3.36%. Total assets consist primarily of cash and cash equivalents, which make up 17.91% of total assets, short term investments, which make up 27.19% and prepaid scholarships held by the Florida College Prepaid Scholarship Foundation which makes up 54.57%. This amount reflects the primary activities of the Foundation in the areas of scholarships and program enhancement.

The Foundation's total liabilities consist of \$14,792 in other liabilities for the current period compared to prior year amounts totaling \$14,373, and \$9,750 in deferred revenues collected in advance of being earned by the entity for 2013 compared to \$54,100 at June 30, 2012. Restricted net assets of the Foundation totaled \$292,270 at the end of 2013, compared to \$224,043 in 2012. These funds are composed of nonexpendable endowment contributions of \$54,469 and other expendable, but restricted, donor contributions totaling \$237,801, which may only be expended for donor pre-designated uses.

### Statements of Revenues, Expenses and Changes in Net Assets

**Changes in Net Assets.** While the statement of net assets shows a snapshot of the Foundation's financial position at the end of the fiscal year, the statement of revenues, expenses, and changes in net assets provides answers as to the nature and sources of those changes. During 2013, the Foundation's total operating revenues increased by \$30,208 to a total of \$833,819, compared to \$803,611 in the prior year. The increase in revenues is due to an increase in fundraising event revenue, as well as an increase in grant revenue due to the timing in which the grant revenue was recognized. These were offset by the decrease in contributions of \$92,603, due to a significant estate contribution received in 2012. During 2013, approximately 25.37% of the Foundation's revenue was derived from community financial support, compared with 37.85% in the previous year. Grants totaled \$307,727 and made up 36.91% of operating revenue in 2013, compared to \$206,444 in 2012, which made up 25.69% of operating revenue. The increase was attributed to the timing of when grants were recognized for the current year. Expenses for mini-grants increased from \$189,883 in 2012 to \$195,967 in 2013, which represents an increase of 3.20%. During 2013, the Foundation's fundraising and general and administrative costs increased by \$58,549. Fundraising and administrative expenses totaled \$253,161 in 2013.

The following is a summary of changes in net assets for the fiscal year:

#### Revenues, Expenses and Changes in Net Assets For the Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating Revenues:				
Contributions, donations and corporate support	\$ 211,571	\$ 304,174	\$ (92,603)	-30.44%
Grants	307,727	206,444	101,283	49.06%
Fundraising	197,651	186,307	11,344	6.09%
Other revenues	<u>116,870</u>	<u>106,686</u>	<u>10,184</u>	<u>9.55%</u>
Total operating revenues	<u>833,819</u>	<u>803,611</u>	<u>30,208</u>	<u>3.76%</u>
Operating expenses:				
Program expenses	528,013	530,515	(2,502)	-0.47%
Support services	<u>253,161</u>	<u>194,612</u>	<u>58,549</u>	<u>30.08%</u>
Total operating expenses	<u>781,174</u>	<u>725,127</u>	<u>56,047</u>	<u>7.73%</u>
Change in net assets	<u>\$ 52,645</u>	<u>\$ 78,484</u>	<u>\$ (25,839)</u>	<u>-32.92%</u>

## **Statements of Cash Flows**

Net cash provided by operating activities amounted to \$23,984 for the past year, compared to net cash provided of \$111,706 in the previous year. Increases in operating cash receipts of \$1,005 were offset by increases in operating cash disbursements of \$88,727. Investing cash flows in the current year used cash of \$545,046 due to the purchase of investments and property and equipment. Investing cash flows in the prior year provided cash of \$2,134.

## **Economic Factors that will Affect the Future**

Charitable giving continues to be significantly affected by many factors including the general state of the economy, the health of the stock market and prospective donors' perception of the benefiting Foundation. Toward this latter factor, the Foundation has historically enjoyed a very positive reputation in the communities it serves. While economic factors do ultimately affect charitable giving in general, the Foundation has developed a history of steady growth regardless of changes in these factors.

Some of the major factors considered by the Foundation in the process of predicting future economic factors are the local economy, civilian labor force, unemployment rates, and inflation rates.

- The most recent estimates available for unemployment data in Orange County, FL are compiled by the Florida Agency for Workforce Innovation on the Florida Research and Economic Database (FRED). This agency estimates a county wide unemployment rate of 6.8% at the end of June 2013, which is lower than the 8.6% rate experienced one year earlier.
- Inflationary trends for Orange County compare favorably with those trends experienced at the state and national levels.

## **Requests for Information**

This financial report is designed to provide our donors, grantors, recipients, and creditors with a general overview of the Foundation's finances and to demonstrate the Foundation's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the Director, The Foundation for Orange County Public Schools, 445 W. Amelia Street, Suite 901, Orlando, Florida 32801.



**Foundation for Orange County Public Schools, Inc.**

**STATEMENTS OF NET ASSETS**

**June 30, 2013 and 2012**

**ASSETS**

	2013	2012
<b>ASSETS</b>		
Cash and cash equivalents	\$ 421,720	\$ 942,782
Investments	640,139	86,797
Prepaid expenses	1,641	3,695
Florida prepaid tuition scholarships	1,284,697	1,243,865
Property and equipment, net of accumulated depreciation of \$3,393 and \$9,886, respectively	5,895	492
Total assets	\$ 2,354,092	\$ 2,277,631

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
School/districts assets held	\$ 377,250	\$ 309,503
Other liabilities	14,792	14,373
Deferred revenue	9,750	54,100
Total liabilities	401,792	377,976
<b>NET ASSETS</b>		
Unrestricted	1,660,030	1,675,612
Restricted:		
Expendable	237,801	169,574
Non-expendable	54,469	54,469
Total net assets	1,952,300	1,899,655
Total liabilities and net assets	\$ 2,354,092	\$ 2,277,631

The accompanying notes are an integral part of these financial statements.

**Foundation for Orange County Public Schools, Inc.**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

**For The Years Ended June 30, 2013 and 2012**

	2013	2012
Contributions	\$ 53,779	\$ 183,558
Fundraising events	197,651	186,307
Grants	307,727	206,444
Read 2 succeed	117,889	86,950
Unrealized gain from scholarships	65,737	80,620
Realized loss on transfer of scholarships	-	(9,628)
Investment income	15,118	1,641
Other income	35,896	33,210
ALP dividend	119	843
In kind donations	39,903	33,666
<b>Total revenue and support</b>	<b>833,819</b>	<b>803,611</b>
 Program services:		
Read 2 succeed	177,225	94,084
District support	129,166	180,816
Grants	195,967	189,883
Orange County scholars	24,905	65,732
ALP memorial scholarship	750	-
 Support services:		
Fundraising	150,871	106,779
General and administrative	102,290	87,833
<b>Total expenses</b>	<b>781,174</b>	<b>725,127</b>
<b>Change in net assets</b>	<b>52,645</b>	<b>78,484</b>
 Net assets, beginning of year	1,899,655	1,821,171
 Net assets, end of year	<b>\$ 1,952,300</b>	<b>\$ 1,899,655</b>

The accompanying notes are an integral part of these financial statements.

**Foundation for Orange County Public Schools, Inc.**

**STATEMENTS OF CASH FLOWS**

**For The Years Ended June 30, 2013 and 2012**

	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from contributions	\$ 53,779	\$ 189,286
Cash received from fundraising events	115,688	187,661
Cash received from grants and programs	305,127	206,444
Cash received from Read 2 Succeed	120,489	86,950
Cash received from other	143,547	67,284
Cash paid for program expenses	(483,723)	(455,124)
Cash paid for fundraising events	(129,589)	(91,982)
Cash paid for administrative costs	(101,334)	(78,813)
	<u>23,984</u>	<u>111,706</u>
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments, net	(538,224)	(11,866)
Purchase of property and equipment	(6,822)	-
Proceeds from transfer of scholarships	-	14,000
	<u>(545,046)</u>	<u>2,134</u>
<b>CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>		
Net increase (decrease) in cash and cash equivalents	(521,062)	113,840
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>942,782</u>	<u>828,942</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 421,720</u>	<u>\$ 942,782</u>
 <b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Change in net assets	\$ 52,645	\$ 78,484
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,419	679
Unrealized loss on investments	22,965	320
Realized gain on investments	(38,083)	(95)
Unrealized gain on prepaid scholarships	(65,737)	(80,620)
Florida prepaid tuition scholarships provided	24,905	65,732
Realized loss on transfer of scholarships	-	9,628
(Increase) decrease in assets:		
Accounts receivable	-	5,728
Prepaid expenses	2,054	(200)
Increase (decrease) in liabilities:		
School/district assets held	67,747	31,929
Other liabilities	419	(15,846)
Deferred revenue	(44,350)	15,967
	<u>\$ 23,984</u>	<u>\$ 111,706</u>

The accompanying notes are an integral part of these financial statements.

**Foundation for Orange County Public Schools, Inc.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For The Year Ended June 30, 2013**

	Program Services						Support Services		Total Expenses
	Read 2 Succeed	District Support	Grants	Orange County Scholars	ALP Memorial Scholarship	Total	Fundraising	General and Administrative	
Salaries and payroll taxes	\$ 71,090	\$ 54,208	\$ 24,384	\$ -	\$ -	\$ 149,682	\$ 46,259	\$ 67,796	\$ 263,737
Employee health insurance	1,475	4,404	3,484	-	-	9,363	4,249	2,350	15,962
Retirement benefits and fees	-	300	300	-	-	600	600	-	1,200
Insurance	400	-	276	-	-	676	298	3,376	4,350
Rent	8,217	8,217	8,217	-	-	24,651	-	8,217	32,868
Professional services	2,443	2,143	2,143	-	-	6,729	-	4,368	11,097
Bank charges	-	-	-	-	-	-	-	1,660	1,660
Printing and office supplies	556	562	501	-	-	1,619	4,317	4,557	10,493
Travel	1,201	368	-	-	-	1,569	103	441	2,113
Professional development	-	-	-	-	-	-	-	817	817
Meetings/conferences	-	-	-	-	-	-	-	1,181	1,181
Events	-	-	-	-	-	-	93,596	829	94,425
Memberships	-	-	-	-	-	-	-	3,641	3,641
Teacher training	-	4,168	-	-	-	4,168	-	-	4,168
Teacher grants	-	-	156,102	-	-	156,102	-	-	156,102
Scholarships	-	-	-	24,905	750	25,655	-	-	25,655
Program support	24,462	-	50	-	-	24,512	-	-	24,512
Website support	510	510	510	-	-	1,530	789	669	2,988
School support	-	54,094	-	-	-	54,094	-	-	54,094
Literacy materials	66,541	-	-	-	-	66,541	-	-	66,541
Miscellaneous	59	-	-	-	-	59	660	1,432	2,151
<b>Total expenses before depreciation</b>	<b>176,954</b>	<b>128,974</b>	<b>195,967</b>	<b>24,905</b>	<b>750</b>	<b>527,550</b>	<b>150,871</b>	<b>101,334</b>	<b>779,755</b>
Depreciation	271	192	-	-	-	463	-	956	1,419
<b>Total expenses</b>	<b>\$ 177,225</b>	<b>\$ 129,166</b>	<b>\$ 195,967</b>	<b>\$ 24,905</b>	<b>\$ 750</b>	<b>\$ 528,013</b>	<b>\$ 150,871</b>	<b>\$ 102,290</b>	<b>\$ 781,174</b>

The accompanying notes are an integral part of this financial statement.

Foundation for Orange County Public Schools, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2012

	Program Services					Support Services		Total Expenses
	Read 2 Succeed	District Support	Grants	Orange County Scholars	Total	Fundraising	General and Administrative	
Salaries and payroll taxes	\$ 65,395	\$ 71,572	\$ 48,685	\$ -	\$ 185,652	\$ 33,572	\$ 50,121	\$ 269,345
Employee health insurance	3,078	5,663	7,984	-	16,725	2,251	3,711	22,687
Retirement benefits and fees	-	-	-	-	-	-	1,500	1,500
Insurance	329	-	211	-	540	131	2,844	3,515
Rent	8,217	8,217	8,217	-	24,651	-	8,217	32,868
Professional services	1,584	1,545	1,545	-	4,674	-	2,673	7,347
Bank charges	-	-	-	-	-	-	447	447
Printing and office supplies	852	649	743	-	2,244	1,132	6,368	9,744
Travel	372	85	-	-	457	-	244	701
Professional development	-	-	-	-	-	-	430	430
Communications	1,500	-	-	-	1,500	-	-	1,500
Meetings/conferences	-	-	-	-	-	-	2,650	2,650
Events	-	-	-	-	-	66,491	-	66,491
Memberships	-	-	-	-	-	-	3,837	3,837
Teacher training	-	1,498	-	-	1,498	-	-	1,498
Teacher grants	-	-	119,693	-	119,693	-	-	119,693
Scholarships	-	-	-	65,732	65,732	-	-	65,732
Teacher of the year	-	5,496	-	-	5,496	-	-	5,496
Newsletter/mailing	-	-	-	-	-	-	118	118
Program support	-	-	282	-	282	-	-	282
Website support	2,523	2,523	2,523	-	7,569	2,523	3,281	13,373
School support	-	83,568	-	-	83,568	-	-	83,568
Literacy materials	10,149	-	-	-	10,149	-	-	10,149
Miscellaneous	85	-	-	-	85	-	1,392	1,477
Total expenses before depreciation	94,084	180,816	189,883	65,732	530,515	106,100	87,833	724,448
Depreciation	-	-	-	-	-	679	-	679
Total expenses	\$ 94,084	\$ 180,816	\$ 189,883	\$ 65,732	\$ 530,515	\$ 106,779	\$ 87,833	\$ 725,127

The accompanying notes are an integral part of this financial statement.

**Foundation for Orange County Public Schools, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013 and 2012**

**NOTE A – ORGANIZATION**

The Foundation for Orange County Public Schools, Inc. (the “Foundation”) is a not-for-profit corporation, which provides financial assistance and support for Orange County, Florida Public Schools and the students and educators within the school systems. The Foundation is considered a component unit of the Orange County District School Board and provides this assistance and support through direct contributions to schools within the district.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Basis of Accounting and Presentation

The financial statements of the Foundation have been prepared in accordance with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (the “GASB”) is the standard setting body for governmental accounting and financial reporting. The Foundation has followed the financial presentation model of GASB Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*. For financial reporting purposes, the Foundation is considered a special-purpose government entity engaged exclusively in business-type activities. Accordingly, the Foundation’s financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation to pay has been incurred.

2. Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. All of the Foundation’s financial activity is accounted for in a single business-type fund, which contains restricted and unrestricted components. The Foundation’s Operating Account includes unrestricted and restricted resources, representing the portion of expendable and nonexpendable funds that are available for support of operations and funds available for use in accordance with specific restrictions, respectively. When both restricted and unrestricted resources are available for use, it is the Foundation’s policy to use restricted resources first, then unrestricted resources as they are needed.

Foundation for Orange County Public Schools, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013 and 2012

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Income Taxes

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation has been determined by the Internal Revenue Service not to be a private foundation. There was no unrelated business income for the current year.

Management has analyzed its various federal and state filing positions and believes that its income tax filing positions and deductions are well documented and supported. Therefore, no reserves for uncertain income tax positions have been recorded. The Foundation remains subject to examination by the Internal Revenue Service for the years ended June 30, 2010 through June 30, 2013.

4. Revenue Recognition

The Foundation records contributions received and promises to give to the Foundation that are, in substance, unconditional as unrestricted or restricted (expendable or non-expendable) support depending on the existence or nature of any donor imposed restrictions. When a restriction expires, restricted-expendable net assets are reclassified to unrestricted net assets.

5. Property and Equipment - Net

It is the Foundation's policy to capitalize property and equipment. Property and equipment is initially recorded at cost or estimated fair value if contributed. Expenditures for repairs and maintenance are expensed as incurred. Assets are being depreciated using the straight-line method over a five year useful life.

6. Functional Allocation of Expenses

The costs of providing the program and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the program and supporting service benefits.

7. Deferred Revenue

Revenues collected for future events are reported as deferred revenue and recognized in future periods when the event occurs.

8. Cash and Cash Equivalents

The Foundation considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

Foundation for Orange County Public Schools, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013 and 2012

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. Investments

Investments consist of open-ended mutual funds and are initially recorded at cost or fair value if contributed. At the balance sheet date, investments are adjusted to fair value as determined by quoted market prices with the adjustment recorded as investment income in the Statements of Revenues, Expenses and Changes in Net Assets.

10. Compensated Absences Payable

The Foundation records a liability for the estimated amounts of compensation for future absences. An accrual for unused vacation pay is recorded in the financial statements as other liabilities, based on pay rates in effect at June 30, 2013 and June 30, 2012.

11. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates, and those differences could be material.

12. Fair Value Measurement

The Foundation follows accounting guidance relating to fair value measurements, which establishes a framework for measuring fair value and expands disclosures about fair value measurements. This guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1 -- quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access as of the measurement date.

Level 2 -- inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 -- unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the unobservable inputs.



Foundation for Orange County Public Schools, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013 and 2012

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The following is a description of the valuation methodologies used for assets measured at fair value.

*Level 1 Fair Value Measurements*

The fair values of mutual funds are based on quoted market prices.

*Level 3 Fair Value Measurements*

The value of prepaid scholarships is provided by Florida Prepaid College Board's actuarial present value of the future contract value and expense obligations which uses unobservable inputs such as projected tuition increases and projected tuition differential fee increases.

13. Concentration of Credit Risks

Financial instruments, which potentially expose the Foundation to concentrations of credit risk, consist principally of cash. The Foundation's policy is to place its cash with high credit quality financial institutions. Cash and cash equivalents consist of bank deposits which, at times, may exceed federally insured limits. The Foundation maintains its cash deposit accounts in institutions which are Federal Deposit Insurance Corporation or National Credit Union Administration insured, which provide coverage on balances up to \$250,000 per depositor per institution. At June 30, 2013, the Foundation held \$93,802 in banks in excess of federally insured amounts. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash or cash equivalents.

14. Subsequent Events

Subsequent to year end the Foundation transferred 86 scholarships to Valencia Foundation. The scholarships transferred had 7,723 tuition hours available, a total tuition contract price of \$479,093, and a total current tuition plan value of \$817,333 as of June 30, 2013. As of the transfer valuation date of October 1, 2013 the total current tuition plan value was \$858,175.

Management has evaluated the effect subsequent events would have on the financial statements through the date these financial statements were available to be issued on December 6, 2013.

**NOTE C – IN KIND DONATIONS**

Donated services and facilities that are measurable are recorded as contributions at their fair values at the date of receipt by the Foundation with a corresponding amount recorded as expense. During the years ended June 30, 2013 and 2012, donations of occupancy necessities, event and promotional items in the amounts of \$77,516 and \$48,279, respectively, were received from various donors. Numerous volunteers provide personnel services to the Foundation. The value of this contributed time is not reflected in these financial statements since they do not meet criteria for recognition.

Foundation for Orange County Public Schools, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013 and 2012

**NOTE D – SCHOOL/DISTRICT ASSETS HELD**

The Foundation held funds for use by schools and district programs in the amounts of \$377,250 and \$309,503 at June 30, 2013 and 2012, respectively. The Foundation disburses these funds upon schools' or programs' request.

**NOTE E – FLORIDA PREPAID TUITION SCHOLARSHIPS**

The Foundation's interest in assets consists of the following:

	June 30,	
	<u>2013</u>	<u>2012</u>
Prepaid College Fund	<u>\$ 1,284,697</u>	<u>\$ 1,243,865</u>

The scholarships consist of funds contributed to the Foundation as part of the Orange County Scholars program. Contributions are matched by the State of Florida and, in previous years, were recorded as restricted-expendable contribution income by the Foundation on the Statement of Revenues, Expenses and Changes in Net Assets at the time of contribution. The contributions were released from restrictions when the scholarships are awarded. No amounts are included in restricted-expendable assets as of June 30, 2013 and June 30, 2012.

As the scholarships are awarded, the expenditures are recorded by the Foundation on the Statements of Revenues, Expenses and Changes in Net Assets. Scholarship expense of \$24,905 and \$65,732 was recorded in fiscal year 2013 and 2012, respectively. The assets are adjusted annually to the current value of the scholarships as provided by the Florida Prepaid College Foundation, Inc. The increase in value of \$65,737 and \$80,620 was recorded in fiscal year 2013 and 2012, and was presented respectively, as unrealized gain from scholarships in the Statements of Revenues, Expenses and Changes in Net Assets.

The Foundation transferred two scholarships with a total value of \$23,628 for \$14,000 during 2012, resulting in a realized loss of \$9,628 in the Statements of Revenues, Expenses and Changes in Net Assets.

**Foundation for Orange County Public Schools, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013 and 2012**

**NOTE F – INVESTMENTS**

A summary of investments at June 30, 2013 and 2012 is as follows:

	2013	
	Original Cost	Fair Value
U.S. Equities	\$ 355,277	\$ 360,609
International Equities	16,636	16,464
Fixed Income	273,803	263,066
Mutual Funds	\$ 645,716	\$ 640,139

	2012	
	Original Cost	Fair Value
Mutual Funds	\$ 69,410	\$ 86,797

The fair value of the investments is reflected in the Statements of Net Assets at June 30, 2013 and 2012. Investment income is reported in the Statements of Revenues, Expenses and Changes in Net Assets for the years ended June 30, 2013 and 2012 and is summarized as follows:

	2013	2012
Interest and dividends	\$ 3,083	\$ 1,865
Realized gain	35,000	95
Unrealized loss	(22,965)	(319)
	\$ 15,118	\$ 1,641

**NOTE G – FAIR VALUE MEASUREMENTS**

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets as of June 30, 2013:

	Level 1	Level 3	Total
Assets:			
Mutual funds	\$ 640,139	\$ -	\$ 640,139
Prepaid scholarships	-	1,284,697	1,284,697
Total fair value	\$ 640,139	\$ 1,284,697	\$ 1,924,836

**Foundation for Orange County Public Schools, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013 and 2012**

**NOTE G – FAIR VALUE MEASUREMENTS (continued)**

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets as of June 30, 2012:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Assets:			
Mutual funds	\$ 86,797	\$ -	\$ 86,797
Prepaid scholarships	<u>-</u>	<u>1,243,865</u>	<u>1,243,865</u>
Total fair value	<u>\$ 86,797</u>	<u>\$ 1,243,865</u>	<u>\$ 1,330,662</u>

The following table presents changes in the Foundation's Level 3 assets measured at fair value for the years ending June 30:

	<u>2013</u>	<u>2012</u>
Balance, beginning of year	\$ 1,243,865	\$ 1,252,605
Unrealized gain	65,737	80,620
Sales	-	(23,628)
Withdrawals	<u>(24,905)</u>	<u>(65,732)</u>
Balance, end of year	<u>\$ 1,284,697</u>	<u>\$ 1,243,865</u>

**NOTE H – FUNDRAISING COSTS**

The Foundation incurs costs in activities that include fundraising and allocates those costs after determining that it has met the criteria of purpose, audience and content. The following table presents the types of activities where joint costs have been allocated in the Statements of Functional Expenses for the years ended June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Events	\$ 94,425	\$ 66,491
Printing and supplies	10,493	9,744
Website support	2,988	13,373
Travel	<u>2,113</u>	<u>701</u>
	<u>\$ 110,019</u>	<u>\$ 90,309</u>

Foundation for Orange County Public Schools, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013 and 2012

**NOTE I – RESTRICTED-EXPENDABLE FUNDS**

Restricted-Expendable funds are available for the following:

	June 30,	
	<u>2013</u>	<u>2012</u>
Grants	\$ 218,044	\$ 98,067
Read 2 Succeed	2,954	54,073
ALP Scholarship Fund	<u>16,803</u>	<u>17,434</u>
	<u>\$ 237,801</u>	<u>\$ 169,574</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

	June 30,	
	<u>2013</u>	<u>2012</u>
Grants	\$ 195,967	\$ 189,883
Read 2 Succeed	177,225	94,084
ALP Scholarship Fund	<u>750</u>	<u>-</u>
	<u>\$ 373,942</u>	<u>\$ 283,967</u>

During fiscal year 2012, the Foundation determined that all restrictions relating to the Middle School Kids program were met prior to June 30, 2012. Accordingly, the Foundation reclassified previously reported restricted expendable net assets of \$96,354 to unrestricted net assets.

**NOTE J – RESTRICTED-NONEXPENDABLE FUNDS**

During the year ended June 30, 2000, the Foundation received an endowment (ALP Scholarship Fund) to be used as the donor has stipulated. The principal, \$54,469, must be maintained intact and only the investment income of the fund can be expensed. The fund is for Apopka High School seniors to attend two years of community college.

**Foundation for Orange County Public Schools, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013 and 2012**

**NOTE K – 401K PROFIT SHARING PLAN**

The Foundation established a 401K Profit Sharing Plan effective January 1, 2006 for all qualifying employees. All employees over 21 years of age are eligible to participate in the plan. The Foundation is required to match 100% of the first 4% of the employee's deferred contribution to the plan. Contributions to the profit sharing component of the plan are at the discretion of the Foundation. Employees are immediately vested in their contributions and the matching contributions. As of April 30, 2009, the Foundation amended its plan to temporarily remove the employer stated match; however it still has the option to make a discretionary year end contribution if the Board so designates it. The Foundation provided no matching contributions to the plan for the years ended June 30, 2013 and 2012, respectively.

**NOTE L – OPERATING LEASE**

The Foundation entered into an operating lease on March 19, 2013 for a copier machine. The terms of the lease are minimum payments each month of \$114 for five years. The Foundations lease expense during 2013 was \$2,490. The following is a schedule of future minimum lease payments at June 30, 2013:

	<u>Total</u>
2014	\$ 1,372
2015	1,372
2016	1,372
2017	1,372
2018	<u>915</u>
	<u>\$ 6,403</u>



Partners

W. Ed Moss Jr., CPA  
Joe M. Krusick, CPA  
James R. Dexter, CPA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To The Board of Directors  
Foundation for Orange County Public Schools, Inc.  
Orlando, Florida

501 S. New York Ave.  
Suite 100  
Winter Park, FL 32789  
Phone: 407-644-5811  
Fax: 407-644-6022  
www.mosskrusick.com

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Foundation for Orange County Public Schools, Inc. (a nonprofit organization), a component unit of the Orange County District School Board, which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 6, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The Foundation for Orange County Public Schools, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation for Orange County Public Schools, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Foundation for Orange County Public Schools, Inc.'s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Foundation for Orange County Public Schools, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Moss, Krusick & Associates, LLC*

December 6, 2013  
Winter Park, Florida



**Partners**

W. Ed Moss Jr., CPA  
Joe M. Krusick, CPA  
James R. Dexter, CPA

501 S. New York Ave.  
Suite 100  
Winter Park, FL 32789  
Phone: 407-644-5811  
Fax: 407-644-6022  
www.mosskrusick.com



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**MANAGEMENT LETTER**

To the Board of Directors  
Foundation for Orange County Public Schools, Inc.  
Orlando, Florida

We have audited the basic financial statements of the Foundation for Orange County Public Schools, Inc. (the "Foundation") as of and for the fiscal year ended June 30, 2013, and have issued our report thereon dated December 6, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report on Internal Control Over Financial Reporting and on Compliance and Other Matters dated December 6, 2013. Disclosures in these reports, if any, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports.

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No recommendations were made or violations reported in the preceding annual financial audit report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Foundation complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. No recommendations were made to improve the Foundation's present financial management.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, and (2) control deficiencies that are not significant deficiencies, including, but not limited to: (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statement); (b) failures to properly record financial transactions; and (c) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.

- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Foundation for Orange County Public Schools, Inc. was organized pursuant to Chapter 125 and 1013 of the Florida Statutes.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions(s) met. In connection with our audit, we determined that the Foundation did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor for the Foundation's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*Moss, Krusick & Associates, LLC*

December 6, 2013  
Winter Park, Florida